



# Spatial Economics Research Centre

Tuesday, 17 January 2012

## Helping the Elderly Downsize

I was pretty critical when the Intergenerational Foundation called for the government to [adopt measures to stop the 'hoarding' of housing by older people](#). More recent efforts by Grant Shapps to [get councils to help the elderly move](#) if they want to have a better feel to them.

The BBC describes the new *voluntary* scheme as working as follows: "Under the scheme, the council will arrange for elderly people to move into rented accommodation, and then take responsibility for maintaining and letting their property at an affordable rate. The rental income is then passed back to them [...]" Providing the scheme is truly voluntary, then lowering transaction costs in this way may be a relatively cheap way to increase the supply of space (a pilot in Redbridge suggests that this is indeed the case).

But, and it's a big but, this is likely only to lead to a small increase in effective supply. Why? Because it turns out that not that many people appear to be 'trapped' by moving costs - according to the [Telegraph](#) "Government analysis of the Redbridge project suggested that 200 people in the borough were considering moving, but felt that they could not afford to." And this presumably represents the 'stock' of people who feel trapped rather than the annual flow. If so, the scheme may be helpful, but doesn't offer a [radical solution to the housing crisis](#). My preferred radical solution remains to build more housing.

Posted by [Prof Henry G. Overman](#) on [Tuesday, January 17, 2012](#)

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## 2 comments:



**tom.a said...**

Is there a behavioural econ angle here? I wonder if the 'cost' preventing people from moving might be more psychological than financial - eg inertia/status quo bias.

If so, perhaps ways of nudging people past these barriers could unlock more movement than a financial analysis suggests.

18 January 2012 at 13:43

**Anonymous said...**

Why is it that US citizens are twice as likely to downsize than in the UK? And farming communities traditionally pass the farm down the generations by the parents moving out of the farm house and children's family move in? It's standard practice to protect the asset for future generations. Downsizing seems to be a dirty word in the UK. We live in more space than our continental neighbours yet don't want to share it as we age. The only people affected are our children and grandchildren. They don't need a monthly run in a garden, they need to thrive every day - don't they? Perhaps we need more intergenerational living yet that would involve older generations trusting younger generations more. Since our society stigmatises youth where does that leave us?

19 January 2012 at 09:54

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